

Message Text

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PAGE 01 KUWAIT 00002 210827Z

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ACTION EB-03

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FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 3217

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY CARACAS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY TEHRAN

USINT BAGHDAD

USMISSION OECD PARIS

C O N F I D E N T I A L SECTION 2 OF 2 KUWAIT 2612

LIMDIS

6. RALSTON AGREED HIS VIEWS HAD CHANGED SOMEWHAT, BUT SAID GULF'S SITUATION ALSO HAD CHANGED. IT NOW APPEARED "LITTLE COULD BE SALVAGED" IN VENEZUELA. HE THOUGHT GULF COULD NEGOTIATE A SATISFACTORY AGREEMENT WITH GOK WHICH, ALTHOUGH IT MIGHT NOT BE TOTALLY ACCEPTABLE FROM THE STANDPOINT OF COMPENSATING GULF FOR THE LOSS OF ITS REMAINING 20 PERCENT INTEREST IN KOC, COULD HAVE OTHER ADVANTAGES. WHEN PRESSED HE SUGGESTED THESE COULD INCLUDE JOINT MARKETING AND EXPLORATION IN THIRD COUNTRIES (PARTICULARLY IN THE FAR EAST) AN ASSURED FUTURE SUPPLY OF LPG AND PRODUCTS, AND JOINT VENTURES IN REAL ESTATE AND OTHER ENDEAVORS.

7. WHEN CHARGE REITERATED

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PAGE 02 KUWAIT 00002 210827Z

SUCH A DEAL COULD HURT GULF IN NIGERIA AND OTHER COMPANIES
ELSEWHERE, RALSTON DEMURRED ARGUING THAT AGREEMENTS CURRENTLY
BEING NEGOTIATIONS EVERYWHERE HAD BECOME SO COMPLEX THAT IT
WOULD BE DIFFICULT TO ASSESS ACCURATELY THEIR RELATIVE ADVANT-
AGES.

8. IN BRIEF DISCUSSION RE POSSIBLE GOK STRATEGY, RALSTON
OBSERVED THAT KAZEMI STILL APPEARS RELAXED ON TIMING OF SETTLEMENT
(DISPRISE PRESS SUGGESTIONS TO CONTRARY) AND HAD EXPRESSED NO
CONCERN DURING PRESENT ROUND TALKS REGARDING POSSIBLE NATIONAL
ASSEMBLY PRESSURE TO CONCLUDE NEGOTIATIONS. IF SEPERATE NEGOT-
IATIONS AGREED, HE SPECULATED TALKS COULD CONTINUE THROUGH
SUMMER MONTHS, BUT ADMITTED GULF HAD NO FIRM INSIGHT INTO GOK
INTENTIONS.

9. RALSTON SAID HE PLANNED RETURN PITTSBURGH NIGHT JUNE 19
AND THAT BP/GULF REPS UNDOUBTEDLY WOULD HAVE TO MEET IN US OF
UK EARLY NEXT WEEK TO DETERMINE NATURE RESPONSE TO BE GIVEN TO
KAZEMI SUGGESTION FOR SEPERATE NEGOTIATIONS. HE SAID GULD WOULD
KEEP DEPARTMENT INFORMED OF OUTCOME THESE TALKS.

10. COMMENT: IF RALSTON ACCURATELY REFLECTS CURRENT THINKING
IN GULF CORPORATE HEADQUARTERS PITTSBURGH, IT WOULD APPEAR
PRESENT INTERNATIONAL TRENDS COMBINED WITH COMPANY'S REORGAN-
IZATION AND DIVERSIFICATION EFFORTS COULD RESULT IN ENTIRELY
DIFFERENT FUTURE RELATIONSHIP BETWEEN COMPANY AND GOK--SOME FORM
OF PARTNERSHIP WITH GULF PLAYING AN IMPORTANT ROLE IN HELPING
KUWAIT PLACE ITS MONEY IN US AND THIRD COUNTRIES IN AREAS BOTH
INSIDE AND OUTSIDE PETROLEUM SECTOR. THE IMPLICATIONS FOR THE
USG, THE COMPANY ITSELF AND THE INTERNATIONAL OIL INDUSTRY
COULD BE SUBSTANTIAL. IN PARTICULAR, IT WOULD SEEM THE US CONGRESS
IS LIKELY TO TAKE SOME EXCEPTION TO GULF ACTIVITIES NOT DIRECTLY
RELATED TO OIL PRODUCTION AND MARKETING BUT TENDING TO INCREASE
OIL COSTS TO THE CONSUMER FOR PETROLEUM AND PETROLEUM PRODUCTS.
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